

Regional Inspector General for Audit
Cairo, Egypt

Audit of Tabbin Institute for Metallurgical Studies (TIMS) Local Expenditures Incurred Under PIL No. 3, Relating to the Energy Conservation and Efficiency Project, No. 263-0140.3, the Third Component of the Broader Science and Technology for Development Project, No. 263-0140

Report No. 6-263-93-11-N
March 3, 1993



FINANCIAL INFORMATION CONTAINED IN THIS REPORT MAY BE PRIVILEGED. THE RESTRICTIONS OF 18 USC 1905 SHOULD BE CONSIDERED BEFORE ANY INFORMATION IS RELEASED TO THE PUBLIC.

**INSPECTOR
GENERAL**

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



**UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL/AUDIT**

March 3, 1993

MEMORANDUM FOR D/USAID/Egypt, Henry H. Bassford

FROM : D/RIG/A/C, Reuben Hubbart 

SUBJECT : Audit of Tabbin Institute for Metallurgical Studies (TIMS) Local Expenditures Incurred Under PIL No. 3, Relating to the Energy Conservation and Efficiency Project, No. 263-0140.3, the Third Component of the Broader Science and Technology for Development Project, No. 263-0140

The attached report dated November 30, 1992 by Price Waterhouse presents the results of a financial audit of Tabbin Institute For Metallurgical Studies (TIMS) locally incurred costs under PIL No. 3, relating to the Science and Technology for Development Project, funded by USAID/Egypt. TIMS role is to develop energy technology applications that are directed toward selecting, designing, installing, operating and monitoring energy efficient technologies in public sector companies, and investment promotions which will support proliferation of the technologies developed.

We engaged Price Waterhouse to perform a financial audit of TIMS's locally incurred expenditures of \$465,378 for the period March 1, 1989 through June 30, 1992. The purpose of the audit was to evaluate the propriety of costs incurred during this period. In performing the audit, Price Waterhouse evaluated TIMS's internal controls and compliance with applicable laws, regulations and project terms as necessary in forming an opinion regarding the Fund Accountability Statement.

Price Waterhouse questioned \$126,214 in costs billed to A.I.D. by TIMS (including \$124,716 in unsupported costs). These questioned costs include salaries paid to former GOE employees, bonuses, advertising expenses and unreconciliable differences between the fund accountability statement and the general ledger. Price Waterhouse noted weaknesses in TIMS's internal controls such as lack of segregation of duties and lack of properly documented bank reconciliations. Additionally, they noted one instance of noncompliance, where TIMS billed A.I.D. with unliquidated advances.

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Price Waterhouse has reviewed TIMS's response to the findings. The response provided by TIMS has not changed their understanding of the facts underlying the questioned costs of the Fund Accountability Statement or the reportable conditions in the Reports on Internal Control and Compliance.

Recommendation No. 1: We recommend that USAID/Egypt resolve questioned costs of \$126,214 consisting of ineligible costs of \$1,498 and unsupported costs of \$124,716 as detailed on pages 14 through 16 of the audit report.

This recommendation will be included in the Inspector General's audit recommendation follow-up system. Until we are advised of USAID/Egypt's determination regarding the questioned costs, Recommendation No. 1 is considered unresolved. This recommendation can be resolved when we receive the Mission's formal determination as to the amounts sustained or not sustained and can be closed when any amounts determined to be owed to A.I.D. are paid by TIMS.

Recommendation No. 2: We recommend that USAID/Egypt require TIMS to address the inadequate internal control procedures over their accounting system as detailed on pages 20 through 22 of the audit report.

This recommendation will be included in the Inspector General's audit recommendation follow-up system. As USAID/Egypt has requested TIMS to address its internal control weaknesses, Recommendation No. 2 is considered "resolved". The recommendation can be closed when the when we have assessed TIMS's response and USAID/Egypt's follow-up for adequacy.

Recommendation No.3: We recommend that USAID/Egypt require TIMS to comply with the regulations so that unliquidated advances are not billed to USAID/Egypt.

This recommendation will be included in the Inspector General's audit recommendation follow-up system. As USAID/Egypt has requested TIMS to comply with USAID's regulations so that unliquidated advances are not billed to A.I.D., Recommendation No.3 is considered "resolved". The recommendation can be closed when we have assessed TIMS's response and USAID/Egypt's follow-up for adequacy.

Please advise this office within 30 days of any actions planned or taken to close the recommendations. We appreciate the courtesies extended to the staff of Price Waterhouse and to our office.

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

FUND ACCOUNTABILITY
STATEMENT AND ADDITIONAL INFORMATION

MARCH 1, 1989 THROUGH JUNE 30, 1992

c

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

FUND ACCOUNTABILITY
STATEMENT AND ADDITIONAL INFORMATION

MARCH 1, 1989 THROUGH JUNE 30, 1992

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INTRODUCTION</u>	
Background	1
Audit objectives and scope	3
Results of audit	6
Management comments	6
<u>FUND ACCOUNTABILITY STATEMENTS</u>	
Report of independent accountants	8
Fund accountability statement and notes	11
Audit findings	14
<u>INTERNAL CONTROL STRUCTURE</u>	
Report of independent accountants	17
<u>COMPLIANCE WITH LAWS AND REGULATIONS</u>	
Report of independent accountants	23
<u>APPENDICES</u>	
Appendix A: Fund accountability statement expressed in Egyptian pounds	
Appendix B: Questioned costs detail of amounts as incurred in Egyptian pounds	
Appendix C: Management comments on the financial-related audit	
Appendix D: Auditor's response	

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Price Waterhouse



January 12, 1992

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development

Dear Mr. Darcy:

This report presents the results of our financial cost-incurred audit of Tabbin Institute for Metallurgical Studies ("TIMS") disbursements under Project Implementation Letter ("PIL") No. 3 for the Energy Conservation and Efficiency Project No. 263-0140.3, the third component of the Broader Science and Technology for Development Project No. 263-0140 ("umbrella grant agreement"), funded by the United States Agency for International Development Mission to Egypt ("USAID/Egypt"). The audit encompassed all project expenditures for the period from March 1, 1989 through June 30, 1992.

Background

TIMS was established in 1975 as a scientific firm under Law 69 of 1973 in the Tabbin Industrial Zone. TIMS's purpose was to perform continuing engineering education training and research as well as to provide consultation to industrial entities. TIMS is managed by a board of directors under the oversight of the Ministry of Industry.



TIMS entered into a subgrant of the umbrella grant agreement between the Arab Republic of Egypt and the United States for the Energy Conservation and Efficiency Project. This project is designed to 1) promote and accelerate the adoption of improved commercial technologies and practices to save energy and increase energy efficiency, and 2) improve the capabilities of Egyptian institutions to promote and implement energy - savings technology that enhance productivity. To achieve these purposes, TIMS will participate in two general activities: developing energy technology applications that will be directed at selecting, designing, installing, operating and monitoring energy efficient technologies in public sector companies; and investment promotions which will support proliferation of the technologies developed.

TIMS operations are directed out of the Institute's facilities in Tabbin, a village thirty kilometers south of Cairo. An executive director is responsible for the project and is supported by a finance and administration manager. As TIMS also carries out non-ECEP activities, a separate area has been established for the project and all books and records for ECEP are segregated from other activities.

TIMS's accounting system is completely manual. A separate subledger is maintained for each budget line item. Throughout the accounting cycle, all transactions are reviewed and approved by the project's executive director, finance and administration manager and the group supervisor to whom each transaction is related. Monthly fiscal reports are submitted to USAID/Egypt.



Audit Objectives and Scope

The objective of this engagement was to perform a financial cost-incurred audit of USAID/Egypt funds provided to TIMS under PIL No. 3 pursuant to the Energy Conservation and Efficiency Project. The audit encompassed all local expenditures from March 1, 1989 through June 30, 1992. Specific objectives were to determine whether:

1. The fund accountability statement for TIMS presents fairly, in all material respects, project costs incurred and reimbursed in conformity with the applicable accounting principles;
2. The costs reported as incurred under the PIL are in fact allowable, allocable, and reasonable in accordance with the terms of the PIL, USAID regulations and the umbrella grant agreement;
3. The internal controls, accounting systems and management practices of TIMS are adequate for USAID/Egypt agreements; and
4. TIMS is in compliance, in all material respects, with the PIL and umbrella grant agreement terms and applicable laws and regulations.



Preliminary planning and review procedures were started in September 1992 and consisted of discussions with RIG/A/C personnel and TIMS officials and review of the applicable PIL and agreements. Fieldwork commenced in October 1992 and was completed in November 1992.

The scope of our work was all expenditures for the Energy Conservation and Efficiency Project Agreement PIL No.3 between USAID/Egypt and TIMS. We selected disbursements for testing on a judgmental basis to test a majority of local expenditures. We tested local expenditures of LE 787,586 out of total expenditures of LE 1,377,521. Tested costs were incurred from March 1, 1989 through June 30, 1992.

Our tests of expenditures included, but were not limited to, the following:

1. Reconciling TIMS's accounting records to invoices issued to USAID/Egypt, and testing of costs for allowability, allocability, reasonableness, and appropriate support;
2. Reviewing TIMS policies and practices surrounding the controlling of funds and custody of cash, both in banks and on-hand.
3. Determining that personnel costs were appropriate and conformed with the terms of the PIL and relevant regulations;



4. Determining that travel, transportation, per diem and allowance charges are adequately supported and approved; and
5. Establishing the adequacy of TIMS's procurement policy.

Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and the financial audit requirements of Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 of Chapter 3 of Government Auditing Standards since no such quality control review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the Price Waterhouse worldwide internal quality control program which requires the Price Waterhouse Cairo office to be subjected, every three years, to an extensive quality control review by partners and managers from other Price Waterhouse offices.



As part of our examination we made a study and evaluation of relevant internal controls and reviewed TIMS's compliance with applicable laws and regulations.

Results of Audit

Fund accountability statement:

Our audit identified \$ 126,214 in questioned costs, including \$ 124,716 in unsupported costs.

Internal control structure:

We recommend that TIMS adopt procedures to ensure the proper segregation of incompatible duties in the areas of cash recording and disbursing, and to perform formal bank reconciliations.

Compliance with contract terms and applicable laws and regulations:

Our audit found one instance of noncompliance relating to TIMS practice of charging unliquidated advances to USAID/Egypt.

Management Comments

We have reviewed TIMS response to the findings which is included as Appendix C. Where applicable we have provided further clarification of our position in Appendix D.



This report is intended solely for use by the United States Agency for International Development and may not be suitable for any other purpose.

Pricewaterhouse

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REPORT OF INDEPENDENT ACCOUNTANTS

November 30, 1992

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development

We have audited the accompanying fund accountability statement of Tabbin Institute for Metallurgical Studies ("TIMS") relating to costs incurred for Project Implementation Letter ("PIL") No. 3 for the Energy Conservation and Efficiency Project No. 263-0140.3, the third component of the broader Science and Technology for Development Project No. 263-0140. This financial statement is the responsibility of TIMS's management. Our responsibility is to express an opinion on this financial statement based on our audit.

Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and



significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 of Chapter 3 of Government Auditing Standards since no such quality control review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the Price Waterhouse worldwide internal quality control program which requires the Price Waterhouse Cairo office to be subjected, every three years, to an extensive quality control review by partners and managers from other Price Waterhouse offices.

As described in Note 3, the accompanying fund accountability statement has been prepared on the basis of cash disbursements. Consequently, expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying fund accountability statement is not intended to present results in accordance with accounting principles generally accepted in the United States of America.

Included in the fund accountability statements are questioned costs of \$ 126,214. The basis for questioning these costs is more fully described in the "Fund Accountability Statement - Audit Findings" section of this report.



In our opinion, except for the effects of the questioned costs as discussed in the preceding paragraph, the fund accountability statement referred to above presents fairly, in all material respects, TIMS's expenditures for the Energy Conservation and Efficiency Project on PIL No. 3 for the period from March 1, 1989 to June 30, 1992 in conformity with the basis of accounting described in Note 3.

Our audit was conducted for the purpose of forming an opinion on the fund accountability statement taken as a whole. The summary information in Appendix A is presented for purposes of additional analysis of the fund accountability statement and is not a required part of the basic accountability statement. Such information has been subjected to the auditing procedures applied in the audit of the fund accountability statement and, in our opinion, is fairly stated in all material respects in relation to the fund accountability statement taken as a whole.

Pricewaterhouse

TABBIN INSTITUTE FOR METALLURGICAL STUDIES

**PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3**

**FUND ACCOUNTABILITY STATEMENT FOR THE PERIOD FROM
MARCH 1, 1989 THROUGH JUNE 30, 1992**

<u>Description</u>	Total Budget (Note 2)	Actual Expenditures (Note 2)	Reclassification (Note 5)	<u>Questioned Costs</u>		Audit Finding Reference
				<u>Ineligible</u> (Note 6)	<u>Unsupported</u> (Note 6)	
Salaries	\$ 437,723	\$ 218,510		\$ 1,378	\$ 124,389	Finding A, Page 14
Consultation fees	80,659	27,836				
Honoraria	3,632	451				
Travel and per diems	60,000	36,353	\$ 40			
Workshops/training conference	82,095	56,792				
Materials and supplies	25,540	18,656		120	159	Findings B, Page 15
Office equipment and denotation	70,976	53,012				
Other direct cost	6,419	1,401	(40)	-	168	Finding C, Page 16
FT-800 travel	<u>101,351</u>	<u>52,367</u>				
	\$ <u>868,395</u>	\$ <u>465,378</u>	\$ <u>-</u>	\$ <u>1,498</u>	\$ <u>124,716</u>	

See accompanying notes to the fund accountability statement

**TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3.**

NOTES TO FUND ACCOUNTABILITY STATEMENT

NOTE 1 - BASIS OF PRESENTATION:

The fund accountability statement of TIMS includes all expenditures for PIL No.3 of the Energy Conservation and Efficiency project with USAID/Egypt for the period from March 1, 1989 through June 30, 1992.

NOTE 2 - SOURCE OF DATA:

The column, labeled "Actual Expenditures" is the responsibility of TIMS and represents the cumulative costs billed to and reimbursed from USAID/Egypt for the period from March 1, 1989 through June 30, 1992.

Budgeted amounts are determined by the PIL for the complete term of the contract. Amounts are authorized for the period from March 1, 1989 through February 28, 1993 and have been presented for informational purposes only.

NOTE 3 - BASIS OF ACCOUNTING:

The fund accountability statement has been prepared on the basis of cash disbursements. Consequently, expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 4 - EXCHANGE RATE:

Costs incurred in Egyptian pounds have been converted to U.S. dollars at the average exchange rate in effect during the audit period from March 1, 1989 through June 30, 1992. The rate is 2.96 Egyptian pounds to 1 U.S. dollar.

NOTE 5 - RECLASSIFICATION:

Certain costs were recorded in the March, 1992 travel and per diem ledger but were charged on the fund accountability statement as other direct costs.

NOTE 6 - QUESTIONED COSTS:

Questioned costs are presented in two separate categories - ineligible and unsupported costs - and consist of audit findings proposed on the basis of the terms of the umbrella agreement and PIL No. 3. Costs in the column labeled "Ineligible" are supported by vouchers or other documentation but are ineligible for reimbursement because they are not program related, are unreasonable, or are prohibited by the PIL or umbrella grant agreement or applicable laws and regulations. Costs in the column labeled "Unsupported" are also formally included in the classification of "questioned costs" and relate to costs that are not supported with adequate documentation or did not have the required prior approvals or authorizations. All questioned costs are detailed in the "Fund Accountability Statement - Audit Findings" section of this report.

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3
FUND ACCOUNTABILITY STATEMENT
AUDIT FINDINGS

Questioned Costs
Ineligible Unsupported

A. Salaries

1. TIMS's PIL, dated April 2, 1989, Section B.1.a, states that salaries paid to former Government of Egypt employees, which includes TIMS employees on leaves of absence, should be determined based upon compensation levels each person earned prior to joining the project plus a modest increment not to exceed 20%. No evidence of prior salary amounts was available during our audit. As such, we have questioned the salaries of all former GOE employees on the grounds of reasonableness. These salaries were incurred from June 1, 1989 through June 30, 1992.

, \$ - \$ 124,298

2. The project grant standard provisions state in Article B section 4 that, "To the extent that ... any personnel of such contractor financed under the grant ... are not exempt from identifiable taxes, tariffs, duties, or other levies imposed under laws in effect in the territory of the grantee, the grantee will ... pay or reimburse the same with funds other than those provided under the grant."

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3
FUND ACCOUNTABILITY STATEMENT
AUDIT FINDINGS

Questioned Costs
Ineligible Unsupported

Because the labor day bonus is a governmentally mandated employee levy, it should not have been charged to the project. The amounts were charged in May 1990, 1991 and 1992. \$ 1,378

3. While reconciling the general ledger to the fund accountability statement, we noted that this amount was billed to USAID/Egypt but not reflected in the payroll ledger. Therefore this amount is considered an unsupported cost. _____ \$ _____ 91

Total questioned salaries cost \$ 1,378 \$ 124,389

B. Materials and supplies

1. Costs associated with placing a congratulatory notice in the newspaper were charged as project expenses. These charges were considered to be advertising expenses and are ineligible. 120

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3
FUND ACCOUNTABILITY STATEMENT
AUDIT FINDINGS

Questioned Costs
Ineligible Unsupported

<p>2. We noted one instance where TIMS billed USAID/Egypt for an amount of an advance payment of LE 2,000 which was supported by documentation totaling only LE 1,728. This difference is considered unsupported.</p>		\$ 92
<p>3. While reconciling the general ledger to the fund accountability statement, we noted that this amount was billed to USAID/Egypt but not reflected in the general ledger. Therefore this amount is considered an unsupported cost.</p>	_____	_____ 67
<p style="padding-left: 40px;">Total questioned materials and supplies cost</p>	\$ _____	\$ _____ 159

C. Other direct costs

<p>1. While reconciling the general ledger to the fund accountability statement, we noted that this amount was billed to USAID/Egypt but was not reflected in the project general ledger. Therefore, this amount is considered an unsupported cost.</p>	\$ _____	\$ _____ 168
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REPORT ON INTERNAL CONTROL STRUCTURE
REPORT OF INDEPENDENT ACCOUNTANTS

November 30, 1992

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development

We have audited the fund accountability statement of Tabbin Institute for Metallurgical Studies ("TIMS") relating to cost incurred for Project Implementation Letter No. 3 for the Energy Conservation and Efficiency Project No. 263-0140.3, the third component of the broader Science and Technology for Development Project No. 263-0140 for the period from March 1, 1989 through June 30, 1992, and have issued our report thereon dated November 30, 1992.

Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 of Chapter 3 of Government Auditing Standards since no



such quality control review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the Price Waterhouse worldwide internal quality control program which requires the Price Waterhouse Cairo office to be subjected, every three years, to an extensive quality control review by partners and managers from other Price Waterhouse offices.

In planning and performing our audit of TIMS we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance on the internal control structure.

The management of TIMS is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of reliable financial reports and to maintain accountability over the entity's assets. Because of inherent limitations in any internal



control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we determined the significant internal control structure policies and procedures to be in the categories of cash and fund custody, disbursements, and equipment and fixed assets procurement. For these internal control structure categories cited, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the fund accountability statement. Our audit disclosed the following reportable conditions:



REPORTABLE CONDITIONS

The TIMS accounting system does not provide for proper segregation of incompatible duties concerning cash transactions.

During the course of our audit we noted that one individual is responsible for custody of cash and recording cash transactions. This fact may lead to improper disbursements of cash or recordings in the general ledger. A well designed system of internal controls would normally segregate the custody of cash function from the individual responsible for the recording of cash transactions. For TIMS, this segregation of duties can be achieved within the present system by using the finance manager or other administrative personnel for one of the functions now being performed by the accountant.

RECOMMENDATION 1

TIMS should address the incompatible duties concerning the custody of and accounting for cash to properly segregate these functions.

* * * * *

TIMS does not perform formal bank reconciliations.

While testing the controls surrounding the cash balances, we noted that no formal bank reconciliations are performed. Current procedures only provide for a quick review of activity by the accounting staff. To ensure



project funds are recorded properly, it is essential that a bank reconciliation be performed.

RECOMMENDATION 2

Proper bank reconciliations should be documented and include the following procedures:

- * Comparison of deposit amounts and dates with cash receipt entries.
- * Comparison of payee name, date and amount on cancelled checks with cash disbursement records.
- * Comparison of endorsement on cancelled checks to payees as shown on the face of the checks. (This may be done on a test basis.)
- * Comparison of book balances used in reconciliations with the cash disbursement listing.
- * Footing the cash book.

* * * * *

A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level, the risk that errors or irregularities in amounts that would be material in relation to the fund accountability statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.



Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable conditions described above are not material weaknesses.

This report is intended for the information of TIMS's management and others within the organization and the United States Agency for International Development. The restriction is not intended to limit the distribution of this report which is a matter of public record.

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REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS
REPORT OF INDEPENDENT ACCOUNTANTS

November 30, 1992

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development

We have audited the fund accountability statement of Tabbin Institute for Metallurgical Studies ("TIMS") relating to costs incurred for Project Implementation Letter No. 3 for the Energy Conservation and Efficiency Project No. 263-0140.3, the third component of the broader Science and Technology for Development Project No. 263-0140 for the period from March 1, 1989 through June 30, 1992, and have issued our report thereon dated November 30, 1992.

Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 of Chapter 3 of Government Auditing Standards since no



such quality control review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the Price Waterhouse worldwide internal quality control program which requires the Price Waterhouse Cairo office to be subjected, every three years, to an extensive quality control review by partners and managers from other Price Waterhouse offices.

Compliance with laws, regulations, agreements, grants contracts, and binding policies and procedures applicable to TIMS is the responsibility of TIMS's management. As part of our audit we performed tests of TIMS's compliance with certain provisions of laws, regulations, agreements, contracts, grants, and binding policies and procedures. However, it should be noted that we performed those tests of compliance as part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement; our objective was not to provide an opinion on compliance with such provisions.

Our testing of transaction and records disclosed one instance of noncompliance with those laws and regulations, which is identified in the accompanying "Report On Compliance-Audit Findings" section of this report.



The result of our tests indicate that with respect to the items tested TIMS complied, in all material respects, with the provisions referred to in the fourth paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that TIMS had not complied, in all material respects, with those provisions.

This report is intended for the information of TIMS's management and others within the organization and the United States Agency for International Development. The restriction is not intended to limit the distribution of this report which is a matter of public record.

Pricewaterhouse

TABBIN INSTITUTE FOR METALLURGICAL STUDIES

REPORT ON COMPLIANCE

AUDIT FINDINGS

The following instance of noncompliance with laws, regulations, agreements, contracts, grants and binding policies and procedures came to our attention during the audit:

TIMS policy allowed certain amounts associated with advances for costs not yet incurred to be billed to USAID/Egypt.

During the course of our audit we noted numerous situations where TIMS had billed unliquidated advances to USAID/Egypt. We did note that these advances were usually supported by adequate documentation in the month subsequent to recording the advance, except as noted in findings B.2. of the "Fund Accountability Statement Audit Findings" section of the report. However, only costs actually incurred should be submitted to USAID/Egypt for reimbursement.

RECOMMENDATION 1

We recommend that TIMS change their ledger recording practices for the project to reflect only costs actually incurred so that unliquidated advances are not billed to USAID/Egypt.

TABBIN INSTITUTE FOR METALLURGICAL STUDIES

**PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3**

**FUND ACCOUNTABILITY STATEMENT EXPRESSED IN EGYPTIAN POUNDS FOR THE PERIOD FROM
MARCH 1, 1989 THROUGH JUNE 30, 1992**

<u>Description</u>	<u>Total Budget (Note 2)</u>	<u>Actual Expenditures (Note 2)</u>	<u>Reclassification (Note 5)</u>	<u>Questioned Costs</u>	
				<u>Ineligible (Note 6)</u>	<u>Unsupported (Note 6)</u>
Salaries	LE 1,295,660	LE 646,789		LE 4,078	LE 368,191
Consultation fees	238,750	82,395			
Honoraria	10,750	1,336			
Travel and per diems	177,600	107,603	LE 120		
Workshops/training conference	243,000	168,105			
Materials and supplies	75,600	55,222		357	470
Office equipment and denotation	210,090	156,916			
Other direct cost	19,000	4,148	(120)	-	500
FT-800 travel	<u>300,000</u>	<u>155,007</u>			
	LE <u>2,570,450</u>	LE <u>1,377,521</u>	LE <u>-</u>	LE <u>4,435</u>	LE <u>369,161</u>

21

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

ADDITIONAL INFORMATION
QUESTIONED COSTS DETAIL OF AMOUNTS
AS INCURRED IN EGYPTIAN POUNDS

<u>Amount</u>	<u>Questioned Costs in US \$</u>	
<u>in LE</u>	<u>Ineligible</u>	<u>Unsupported</u>

A. Salaries

1. TIMS's PIL, dated April 2, 1989, Section B.1.a, states that salaries paid to former Government of Egypt employees, which includes TIMS employees on leaves of absence, should be determined based upon compensation levels each person earned prior to joining the project plus a modest increment not to exceed 20%. No evidence of prior salary amounts was available during our audit. As such we have questioned the salaries of all former GOE employees on the grounds of reasonableness. These salaries were incurred from June 1, 1989 through June 30, 1992.

LE 367,922	\$ -	\$ 124,298
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26

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

ADDITIONAL INFORMATION
QUESTIONED COSTS DETAIL OF AMOUNTS
AS INCURRED IN EGYPTIAN POUNDS

	<u>Amount</u>	<u>Questioned Costs in US \$</u>	
	<u>in LE</u>	<u>Ineligible</u>	<u>Unsupported</u>
A. <u>Salaries (Cont.)</u>			
2. The project grant standard provisions state in Article B section 4 that, "To the extent that ... any personnel of such contractor financed under the grant ... are not exempt from identifiable taxes, tariffs, duties, or other levies imposed under laws in effect in the territory of the grace, the granter will... pay or reimburse the same with funds other than those provided under the grant." Because the labor day bonus is a governmentally mandated employee levy, it should not have been charged to the project. The amounts were charged in May 1990, 1991 and 1992.	LE 4,078	\$ 1,378	\$ -

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

ADDITIONAL INFORMATION
QUESTIONED COSTS DETAIL OF AMOUNTS
AS INCURRED IN EGYPTIAN POUNDS

	<u>Amount</u>	<u>Questioned Costs in US \$</u>	
	<u>in LE</u>	<u>Ineligible</u>	<u>Unsupported</u>
A. <u>Salaries (Cont.)</u>			
3. While reconciling the general ledger to the fund accountability statement, we noted that this amount was billed to USAID/Egypt but not reflected in the payroll ledger. Therefore this amount is considered in unsupported cost.	LE <u>269</u>	\$ <u>-</u>	\$ <u>91</u>
Total salaries	LE <u>372,269</u>	\$ <u>1,378</u>	\$ <u>124,389</u>
B. <u>Materials and supplies</u>			
1. Costs associated with placing a congratulatory notice in the newspaper were charged as project expenses. These charges were considered to be advertising expenses and are ineligible. These costs were charged in voucher 4 in December, 1991.	LE 357	\$ 120	\$

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

ADDITIONAL INFORMATION
QUESTIONED COSTS DETAIL OF AMOUNTS
AS INCURRED IN EGYPTIAN POUNDS

	<u>Amount</u> <u>in LE</u>	<u>Questioned Costs in US \$</u> <u>Ineligible</u>	<u>Unsupported</u>
<u>B. Materials and Supplies (Cont.)</u>			
2. We noted one instance where TIMS billed USAID/Egypt for an amount of an advance payment which was supported by documentation totaling only LE 1,728. This difference is considered unsupported. The advance was charged in voucher 20 in December, 1990 and liquidated in April, 1991 in voucher 24.	LE 272		\$ 92
3. While reconciling the general ledger to the fund accountability statement, we noted that this amount was billed to USAID/Egypt but not reflected in the general ledger. Therefore this amount is considered an unsupported cost.	LE 198	_____	_____ 67
Total materials and supplies cost	LE 827	\$ _____	\$ _____ 159

- 31 -

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

ADDITIONAL INFORMATION
QUESTIONED COSTS DETAIL OF AMOUNTS
AS INCURRED IN EGYPTIAN POUNDS

<u>Amount</u>	<u>Questioned Costs in US \$</u>	
<u>in LE</u>	<u>Ineligible</u>	<u>Unsupported</u>

C. Other direct costs

1. While reconciling the March 1992 general ledger to the fund accountability statement, we noted that this amount was billed to USAID/Egypt but was not reflected in the project general ledger. Therefore, this amount is considered an unsupported cost.

	LE <u>500</u>	\$ <u>-</u>	\$ <u>168</u>
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- 32

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992



وزارة الصناعة
معهد التبين للدراسات المعدنية
TABBIN INSTITUTE FOR METALLURGICAL STUDIES (TIMS)
مشروع ترشيح وتحسين كفاءة استخدام الطاقة
ENERGY CONSERVATION & EFFICIENCY PROJECT (ECEP)
مشروع الوكالة الأمريكية للتنمية الدولية رقم ٢٦٣ - ٠١٤٠ / ٣

December 17, 1992
ECEP/TIMS/USAID-597

PRICE WATERHOUSE
4, ROAD 261
NEW MAADI
CAIRO
EGYPT

ATT.: Mr. MICHAEL W. NELSON

SUBJECT: AUDITEES COMMENTS.

Dear Mr. Nelson,

With Ref. to the fund accountability statement and audit finding report of March 1, 1989 through June 30, 1992, we have the pleasure to clear up the following in response to the foresaid report

A. **SALARIES:**

1. We definitely agree to the statement that salaries paid to former GOE employees, including TIMS employees on leave without payment should be determined upon compensation levels each person earned prior to joining the project plus a modest increment not to exceed 20%. The necessary action have been already carefully taken in the due time. However we attach herewith the relative documents duely signed and stamped.

TIMS, EL-TABBIN, CAIRO.
Post Code : 11913
Tel.: 790635 - 790254 - 790642
Fax.: 790254 Tlx.: 22348 MICOR UN

معهد التبين للدراسات المعدنية - التبين - القاهرة
رمز بريدي ١١٩١٣
ت: ٧٩٠٦٣٥ - ٧٩٠٢٥٤ - ٧٩٠٦٤٢
فاكس: ٧٩٠٢٥٤ - تلكس: ٢٢٣٤٨ MICOR UN

33

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992

2. **LABOR DAY BONUS**

We may highlight the fact that on handling all the issues of ECEP we keep in mind gearing with both USAID regulations and the laws of government of Egypt. A presidential instructions issued on the labor day for both public and privet sector to offer their labors the bonus used to be paid on such occasion. Furthermore, a ministerial decree issued to stipulate the regulations should be followed in such case, "THE BONUS IS TO BE PAID TO THE SECONDED EMPLOYEES BY THE ORGANIZATIONS THEY ARE WORKING FOR ON SECONDMENT BASES" (Article 10.. attached herein). However we addressed HELWAN Labor Office for the bonus regulations regarding non-public sector employees, privet sector. The office informed that the bonus could be paid to the privet sector, our case, according to suitable regulations we consider. Accordingly our employees were paid the bonus according to the public sector regulations, L.E 20-75 (attached).

3. The amount of \$ 91 was billed to USAID and considered an unsupported cost is actually reconciled in the next month of this the transaction acted.

C. **MATERIAL**

1. We suppose establishing a sort of affirmative public relations is widely required for close cooperation with organizations we deal with. We assume the advertisement, appeared in AL AHRAM News Paper, focused on our Project Title was essential for such purpose. The actual aim was not only delivering a congratulation but also to achieve the targets of ECEP Public Relations and to highlight the ECEP title among the media recipients.
2. It was noticed that the documentation furnished for L.E 2000 was only supported by documentation totaling 1,728. However we attach herewith the documentation support the rest, L.E 272 (\$ 92).

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992

3. The unsupported cost of the amount appeared in this item is reflected in the month next to the one the transaction taken place.

D. OTHER DIRECT COSTS:

Concerning the amount of \$ 158 shown in our ledger month of March 1992, we attache herewith the supported documents. Meanwhile it is already responded in our ledger.

E. REPORTABLE CONDITIONS:

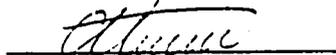
We agree to the notice that "TIMS accounting system does not provide for proper reaggregation of incompatible duties concerning cash transactions".

However, we had appointed an accountant on part time bases three months ago to skip such raised point and to secure proper system.

"TIMS does not perform formal bank reconciliations". Actually we have already a bank log for the purpose mentioned therein. However we shall modify our procedures to cope properly with the foresaid recommendation.

For any further information please do not hesitate to contact us.

SINCERELY YOURS,



Prof. Dr. AHMED AMIN ABD EL MEGUID
ECEP/TIMS

C.C. MR MARC MADLAND
MRS SALWA WAHBA
MR. PHILIPPE DARCY
(REGIONAL INSPECTOR GENERAL)

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992

Ministry Of Industry
Tabbin Institute For
Metallurgical Studies (TIMS)

P.O. Box : 109 Helwan, 11421 Cairo
Cable : Tabdrasat Cairo Fax 790254
Tel : (02) 790383 - 790642
TLX : 32348 MICOR UN



وزارة الصناعة
مصدر التسيير والدراسات (العائدين)
التوريد / ص.ب. ١٠٩ حلوان ١١٤٢١ القاهرة
تعمرياً : تابلدراسات القاهرة فاكس ٧٩٠٢٥٤
ت : ٧٩٠٦٤٢ - ٧٩٠٣٨٣

Date : ٢٠١٢/١٢/١٣
Ref No. ٥٧٤

١٩

التاريخ
رقم الملف

SALARY JUSTIFICATIONS FOR EMPLOYEES SECONDED TO ECEP

Basas of compensation for GOE employees on leaves without payment:

The TIMS employees are paid a total salary shown in the table attached herein. However they are provided with considerable privileges which are not applicable to the Project staff according to USAID regulation, for example and not limited to daily transportation to / from TIMS located 40 Km from down center, GOE social insurance contribution, health insurance actual costs and two days free of work a week for some of the staff. Moreover TIMS staff are contributed to the local and foreign consultant contracts. Besides taking part in local and foreign training courses. They are also paid for the international cooperation projects with a ceilings of 200 % basic salary . The TIMS staff are offered annual bonus and incentives as well. They are furnished with Exam. payments besides other social privileges such as subsidized summer vacation and in - kind contribution to social occasions. The relative estimation of the total salary is shown in the attached table including the said privileges.



TIMS RECTOR

A.S. Abdel-Khalk
13/12/92
PROF. DR .ADEL SOLIMAN ABDUL-KHALK

**TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3**

**AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992**

Ministry Of Industry
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P.O.Box : 109 Helwan, 11421 Cairo
Cable : Tabdrasat Cairo Fax 790254
Tel : (02) 790383 - 790842
Tlx : 22348 MICOR UN



وزارة الصناعة
معهد البحوث للمعادن
البريد ص.ب. ١٠٩ حلوان ١١٤٢١ القاهرة
تلفاكس: تابدراسات القاهرة فاكس ٧٩٠٢٥٤
ت: ٧٩٠٣٨٣ - ٧٩٠٨٤٢

DATE: ٢٢/١٠/٩٢

التاريخ: ١٩٩٠ / /
رقم الملف:

Ref No. ٥٦٥

ملاحظات تنفيذ الشروط الملزمة

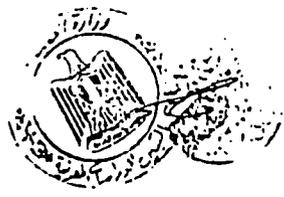
لقرارات السادة المصارعين لمشروع

الرفاعة الأمريكية للتنمية الدولية

لتدريب وتحسين كفاءة استخدام الطاقة

أساس التقييم:

بالإضافة إلى إتمام الرقابة الملزمة من المنظمات - برز المعهد بعامين
من صراحة ، يتم هذا المقدم للمشروع ، من الانتقال البرمجة في فرق التفتيشات
الإرشادية و الخدمات الفنية و من الشرح لهذا برز في الإسراع لهذا شكل
التدريب ، و الرقابة في المقدم الإرشادية ، حيث و ان هذا ، و المشاركة بين
القرارات التنموية الحديثة و ان شكل ، و المساهمة في مبررات التعاون الدولي بعد
أمدى ٢٠٠٠ من الرقابة الملزمة ، و كذلك المقدم و المعج الشركة ، و خدمات
الإرشادات لخدمة هذا شكل التفتيش ، و نفس الرقابة الإرشادية التي من
العمالة و المشاركة الفنية في المنظمات .
و بفتح الجدول التالي ، و هذا الرقابة التقييم الذي تم في العاملين بالمعهد
بعد إرفاق الرقابة الملزمة في مرفقها التفتيش المعينة ، و الذي إرفاقه مع
تقرير الحد الأدنى للقرارات .



**TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3**

**AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992**

٩

وزارة الصناعة والتجارة
معهد التبحر للدراسات المعدنية
TABBIN INSTITUTE FOR METALLURGICAL STUDIES (TMS)
مشروع ترشيد وتحسين كفاءة استخدام الطاقة
ENERGY CONSERVATION & EFFICIENCY PROJECT (ECEP)
مشروع الوكالة الأمريكية للتنمية الدولية رقم ٢٦٣.٠١٤٠.٣

DATE:
Ref. No:

التاريخ ١٣/٥/١٩٩٢
رقم التب طاقة / عمل ٢٨٦/

السيد الاحسان مدير مكتب عمل - حلوان
تيسر طيبا وبعد

ايحار الى كتابنا رقم طابك عمل ٢٨٦/ بتاريخ ١٩٩٠/٥/٧ والخاص بواجباتنا شروط
صق لهنه لخاصه بغير اعراض للعاملين بالتبغ الخاصه .
محل بوجاه سرته موافقتنا بالشروط ممتنا لهنه لنا لصفه
وتعرضوا لبقولنا فانسوا للاختراجه

المدير التنفيذي

د. احمد عبد المنعم

هنه كما رجم طابك عملنا
تعليمات كصرفت شئنا
تصويره لهنه تم فبرستهم
نتميه زسه باله لهنه لهنه لهنه

١٣

مبنى معهد التبحر للدراسات المعدنية ، اتشين ، القاهرة - الرمز البريدي ١١٩١٣ ت. ٧٩.٦٤٢ / ٧٩.٢٥٤ / ٧٩.٣٣٣
TMS, EL-TABBIN, CAIRO, POST CODE 11913, Tel: 790642 / 790383; TLX 22348 MICOR UN

رئيس الشؤون العامة

المراجع

١٣

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992

لشركة
بسم الله الرحمن الرحيم
وزارة المالية
قطاع الموازنة العامة

منشور عام

بشأن قواعد صرف منحة عبد العال

مايو ١٩٩٢

بناء على توجيهات السيد / رئيس الجمهورية تنسرد منح العاملين بالدولة والقطاع العام منحة تعادل مرتب عشرون يوما بعد أدنى خمسة وعشرون جنيهاً وبحد أقصى خمسة وسبعون جنيهاً .

ويسرى هذا الحكم على جميع العاملين الذين يسرى عليهم أحكام القانونين رقم ٤٧ لسنة ١٩٧٨ ورقم ٤٨ لسنة ١٩٧٨ وكذلك العاملين بكادرات خاصة (سواء الدائمين أو المؤقتين) .

وتوجه وزارة المالية النظر إلى اتباع القواعد والضوابط الآتية :

١ - لا يجوز الجمع بين قيمة هذه المنحة وبين ما قامت أو تقوم به بعض الجهات بصرفه كمنحة أو مكافأة بمناسبة عيد العمال ويقتصر المنح على أحدهما أيهما أكبر .

٢ - تصرف المنحة للعاملين الدائمين والمؤقتين والمعينين بمسكفات شاملة وبدون درجات وأنعيين على اعتمادات غير مقصدة إلى درجات المدروجة وظائفهم في موازنة الجهة .

٣ - يتم حساب المنحة على أساس المرتب الأساسي أو المكافأة الشاملة التي صرفت في شهر أبريل سنة ١٩٩٢ بعد تجريد المرتب أو المكافأة من أية رواتب إضافية أو بدلات أو إعانة غلاء مبيشة والملاوة الاجتماعية والملاوة الاجتماعية الإضافية والملاوة الخاصة .

٤ - تصرف المنحة بنسبة المدة التي قضاها العامل في الخدمة خلال الفترة من ١/١٠/١٩٩١ حتى ٣٠/٤/١٩٩٢ .

٥ - تصرف المنحة للعاملين المرضى بأمراض مزمنة الذين منحوا إجازات استثنائية .

٦ - يتم صرف المنحة على اعتمادات الباب الأول بموازنة كل جهة لسنة المالية ١٩٩٢/٩١ تحت عنوان خاص "منحة عيد العمال" وذلك أخذاً من وفور الباب الأول لكل جهة .

وعلى الجهات الداخلة ضمن الموازنة العامة للدولة (جهاز إداري - إدارة محلية - هيئات خدمية) أن توافي وزارة المالية في موعد غايته أول يونيو ١٩٩٢ بموقف الصرف على اعتمادات الباب الأول بسد صرف منحة عيد العمال ، ويسرى ذلك على الهيئات الاقتصادية .

٧ - يشترط لصرف المنحة للمعينين على اعتمادات في غير الباب الأول للموازنة ما يلي :

(أ) أن يكون قد صدر بشأنهم قرار تعيين من السلطة المختصة .

(ب) أن يكون قد قضى بالخدمة سنة كاملة وفقاً للقواعد العامة بالكادر العام (حكومة وقطاع عام) أو بالكادرات الخاصة السارية .

(ج) ألا يكون العمل الذي عين من أجله تامل عرضياً أو موسمياً .

(د) لا يجوز صرف المنحة للعاملين التابعين للقوانين أو متعهدي أداء أشغال وأعمال معينة حيث إنهم لا يتمتعون من العاملين بالدولة .

(هـ) أن يتم الخصم بالمنحة على الاعتمادات التي يخصم عليها بأجورهم تحت عنوان خاص «منحة عيد العمال»

**TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3**

**AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992**

بيان مرتبة مرجع للتعاون مع المشروع

السوقية					المرتبة
أستاذ	مساعد	مدرس	محاسب خبرة	فني	
1633,80	1321,30	961,40	692	442	1- اجمالي الراتب الشهري بدون استقطاعات (قيمة متوسطة)

2- مقابل مزاييا يتمتع بها

العاملون بالمعهد

100	100	100	100	100	1- اشتراكات (سيارة او تاكسي) (متوسط ارماسة 40 كم)
14	14	11	130	140	2- فرق تناميات اجتماعية
60	60	60	60	60	3- فرق خدمات سبب
		40	50	60	4- مقابل حق الارتداد او التفرغ يوم/الا سبب او سبب سبب حافز
		100	150	200	5- مقابل الارتداد الا في مفرد استشارة ساعة محلية و دولية .



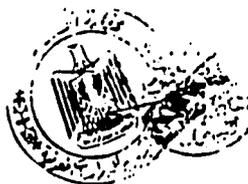
41

**TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3**

**AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992**

تابع الجدول

٤٠٠	٣٥٠	٣٧٠	٣٥٠	٤٠٠	ر. مقابل الإشتراك في مشروعات تعاون دولي (برنامج الأمم المتحدة و البنك الدولي).
١٥٠	١٢٠	١٠٠	٧٥	٢٥	ز. مقابل الإشتراك في دورات تدريبية محلية و دولية (دول عربية و أجنبية).
٦٠	٥٠	٤٠			ح. مكافآت امتحانات واعمال هيئة التدريس و العاملين
٦٠	٨٠	٧٠	٦٠	٤٠	لا. حوافز و مكافآت سنوية .
٤٠	٤٠	٤٠	٤٠	٤٠	ن. مزايا و مزايا اجتماعية في المناسبات .
٢٤٧٣,٨	٢٦٦١,٣٥	٢٣٨٢,٤٥٠	١٦,٦٠٠	٨٢١	إرضعانات الدخل التقديري و
٤١٠٨	٢٥٥٢	٢٨٥٨	١٩٢٧	٩٨٥	الحد الأدنى بعد ارفاقه ٢٢٠ (طبقا لتعليمات الركائز)



(Handwritten signature)

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

AUDITOR'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992

ITEM	PROF. DR	ASSOCIATED PROF	LECTURER	ACCOUNTANT	TECH.
1- MONTHLY SOLARY (AVG)	1,633.80	1,341.35	961.45	592	442
2- OTHER PRIVILEGES:					
2.1 TRANSPORTATION (40 KM FOR FROM DOWEN CENTER)	600	600	600	600	100
2.2 SOCIAL INSURANCE NOW PAID BY ECEP MEMPER	140	130	111	74	64
2.3 MEDICAL INSURANCE (SUPPOSED TO BE PAID BY ECEP EMPLOYEE)	60	60	60	60	60
2.4 SECONDMENT AND FOR FREE TIME (1-2 DAYS /WEEK)	60	50	40	000	000
2.5 INDUSTRIAL CONSULTANT AGREEMENTS (LOCAL- INTERNATIONAL	200	150	100	000	000
2.6 INTERNATIONAL COOPERA- TION PROJECTS (UN AND THE WORLD BANK PROGRAM	400	350	270	75	000

27

**TABRIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3**

**AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992**

TIMS EMPLOYEE SALARIES (PAID BY TIMS)

ITEM	PROF. DR	ASSOCIATED PROF	LECTURER	ACCOUNTANT	TECH.
1- MONTHLY SOLARY (AVG)	1,633.80	1,341.35	961.45	592	442
2- OTHER PRIVILEGES:					
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52

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3

AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992



وزارة الصناعة
معهد التبين للدراسات المعدنية
TABBIN INSTITUTE FOR METALLURGICAL STUDIES (TIMS)
مشروع لترشيح وتصميم كفاءة استخدام الطاقة
ENERGY CONSERVATION & EFFICIENCY PROJECT (ECEP)
مشروع الوكالة الأمريكية للتنمية الدولية رقم ٢٦٣ - ١٤٠ - ٣

December 27, 1992
ECEP/TIMS/USAID-

PRICE WATERHOUSE
4, ROAD 261
NEW MAADI
CAIRO
EGYPT

ATT.: Mr. MICHAEL W. NELSON

Dear Mr. Nelson,

With Ref. to our letter No. 597 dated Dec.17, 1992 regarding "AUDITEES COMMENTS", please find herewith 2 document. packages concerning "C" item "MATERIALS ..2", and "D" item "OTHER DIRECT COSTS", BEING MISSED FORM OUR forementioned letter. We regret for the disturbance may be occurred.

For any further information please do not hesitate to contact us.

SINCERELY YOURS,

Prof. Dr. AHMED AMIN ABD EL MEGUID
ECEP/TIMS

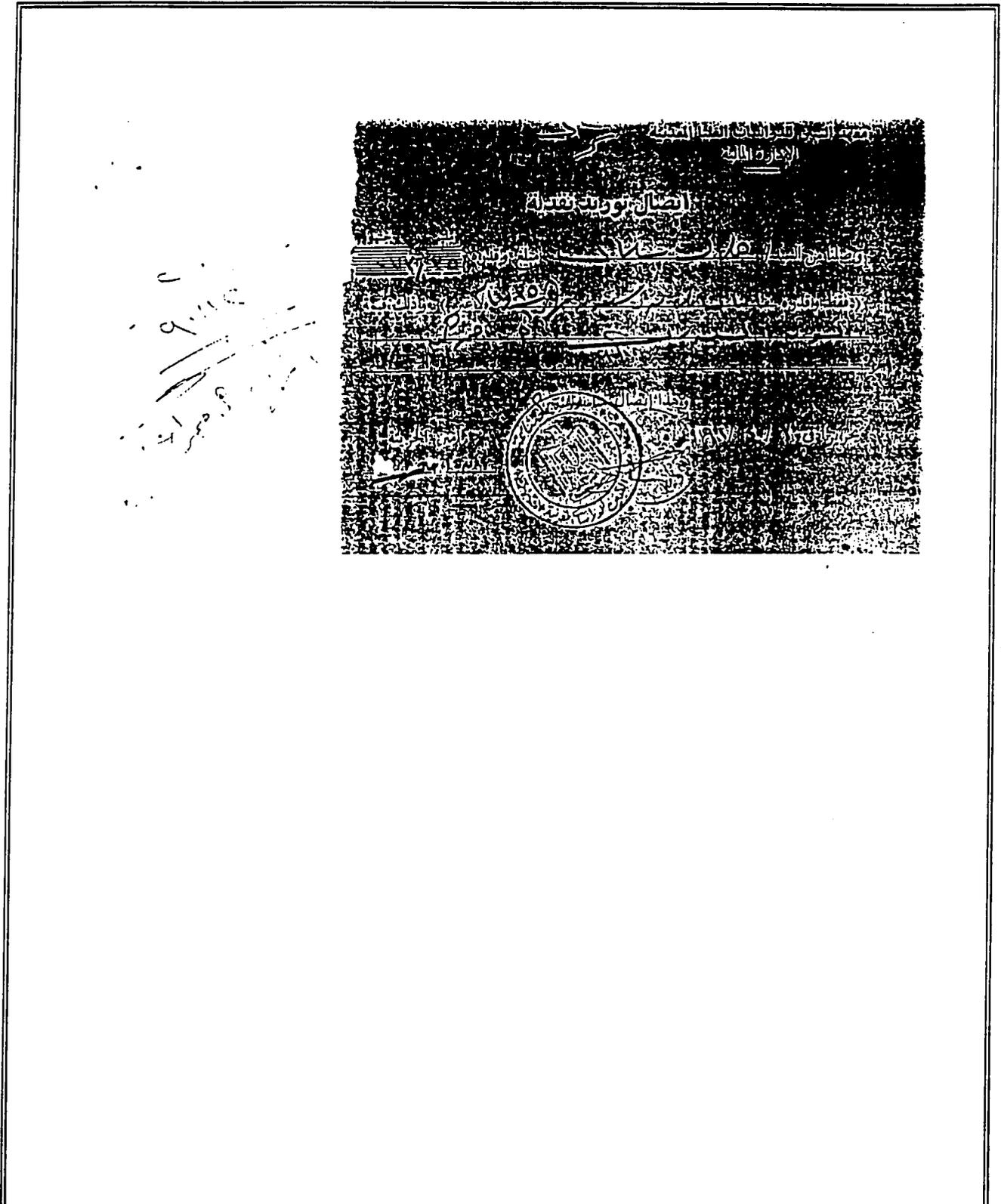
C.C. Mr MARC MADLAND
Mrs SALWA WAHBA
Mr. PHILIPPE DARCY
(REGIONAL INSPECTOR GENERAL)

TIMS, EL-TABBIN, CAIRO.
Post Code : 11913
Tel.: 790635 - 790254 - 790642
Fax.: 790254 Tlx.: 22348 MICOR UN

معهد التبين للدراسات المعدنية - التبين - القاهرة
رمز بريدي ١١٩١٣
ت : ٧٩٠٦٣٥ - ٧٩٠٢٥٤ - ٧٩٠٦٤٢
فاكس : ٧٩٠٢٥٤ - تلكس : ٢٢٣٤٨ MICOR UN

**TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3**

**AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992**



**TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3**

**AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992**

بنك الاستثمار القومي

القاهرة في ١٩٩١/٥/١٤

٥١١

رقم القيد: ١١٠٠٠

مستحقة تمويل رقم ٢٣٠٦٦

حساب: محمد السيد لدراسات المصنعية - مشروع تمويل الطاقة

رقم	ملاحظات	مبلغ	التاريخ	البيان
	محتويات فة ١/٤: ٢٠٠			المبلغ بالكتابة... الف... من بنك الاستثمار القومي
	» ١/٢٠ »			دفع بواسطة (الامضاء) اجلاس احمد محمد الطيب
	» ١ »			حفظ ب...
	» ٥٠٠ »			العنوان: محمد السيد لدراسات المصنعية
	» ١٠٠٠ »			عناوين: القاهرة
	» ٢٠٠ »			عن بنك الاستثمار القومي - القاهرة
	» ٥٠٠ »			البيوية: محمد السيد
	» ١٠٠٠ »			خزينة الموارد: محمد السيد
	مئة مائة			
	+			المجموع

**TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION LETTER NO. 3 RELATED TO
THE ENERGY CONSERVATION AND EFFICIENCY
PROJECT NO. 263-0140.3**

**AUDITEE'S COMMENTS
NOVEMBER 8, 1989 THROUGH APRIL 30, 1992**

رقم التذكرة	وصف التذكرة	رقم التذكرة
٥٦	تجهيز	٥٦
٥٧	تجهيز	٥٧
٥٨	تجهيز	٥٨
٥٩	تجهيز	٥٩
٦٠	تجهيز	٦٠
٦١	تجهيز	٦١
٦٢	تجهيز	٦٢
٦٣	تجهيز	٦٣
٦٤	تجهيز	٦٤
٦٥	تجهيز	٦٥
٦٦	تجهيز	٦٦
٦٧	تجهيز	٦٧
٦٨	تجهيز	٦٨
٦٩	تجهيز	٦٩
٧٠	تجهيز	٧٠
٧١	تجهيز	٧١
٧٢	تجهيز	٧٢
٧٣	تجهيز	٧٣
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٧٥	تجهيز	٧٥
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٧٩	تجهيز	٧٩
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٩٥	تجهيز	٩٥
٩٦	تجهيز	٩٦
٩٧	تجهيز	٩٧
٩٨	تجهيز	٩٨
٩٩	تجهيز	٩٩
١٠٠	تجهيز	١٠٠

**TABBIN INSTITUTE FOR METALLURGICAL STUDIES
PROJECT IMPLEMENTATION AND EFFICIENCY
PROJECT NO. 263-0140-3**

AUDITOR'S RESPONSE

This appendix presents our comments on TIMS response to the draft audit report submitted to TIMS on December 7, 1992. Where applicable we have provided further clarification of our position relating to items discussed in Appendix C "Management Comments on the financial - related audit." The numbering of this appendix follows that of Appendix C.

Audit Findings

A. Salaries

1. Management provided more details regarding the general procedures used to determine salary levels for former TIMS and GOE employees. However, specific details surrounding each employee were not provided. As such, our position remains that these items are unsupported.
2. Management comments appear to support our assertion that these amounts are a governmentally mandated levy. Our position remains unchanged.
3. The amount questioned of \$ 91, (or LE 269 as incurred) actually is the cumulative effect of monthly differences between the ledger and billings in the period June 1991 through June 1992. While these differences may eventually net to zero, the pattern we examined provided us no assurance that this will happen. We therefore assert that within the audit period the amounts are unsupported. This situation is also addressed in the compliance finding to which management has not responded.

C. Materials (Note that this caption is labeled "B" in our audit report.)

1. We disagree with the intent of the newspaper advertising as explained by management. We therefore have not changed our position on this finding.

50

2. The documentation provided by management appears to show the receipt by TIMS of the amount of the unliquidated advance. This item would support our position that the amount was not expended for the project. We reassert our position on this finding.
 3. The amount we questioned is the result of differences arising between the August 1989, October 1990 and December 1991 ledgers and the billings to USAID/Egypt. We saw no situation in subsequent months that would lead us to believe that these differences actually reversed. We have not changed our position on this item.
- D. Other direct costs (Note that this caption is labeled "C" in our audit report).**

This item arose in March 1992 when an amount of LE 855 was recorded in the project ledger. During our audit we examined supporting documentation for LE 235 and LE 120 (which is reclassified to the travel and per diem caption in the fund accountability statement). The remaining LE 500 had no support. Management's response does not address the LE 500 amount (\$ 168) and as such our position is unchanged.

E. Reportable conditions

We encourage management to proceed with their stated intent to implement our recommendations.

51



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

February 23, 1993

MEMORANDUM

RECEIVED
23 FEB 1993

TO: Philippe Darcy, RIG/A/C

FROM: Douglas Franklin, AD/FM *DF SF*

SUBJECT: NFA Report on TABBIN Institute for Metallurgical Studies (TIMS) Local Expenditures Incurred under PIL No. 3, Relating to USAID/Egypt Project No. 263-0140.3, for the Energy Conservation and Efficiency, the Third Component of the Broader Science and Technology for Development Project No. 263-0140 - Draft Report.

Attached is a copy of a letter from the Project Officer, dated February 3, 1993, requesting TIMS to address its internal control weaknesses, and to comply with USAID's regulations so that unliquidated advances are not billed to USAID/Cairo. Based on this action, Mission requests that Recommendations 2 and 3 be resolved.

Mission is discussing Recommendation Nos. 1 on the subject audit with TIMS. Upon receipt of TIMS's final response, Mission will determine if the questioned costs are sustained.

Please issue the final audit report on the subject.

Att: a/s

Handwritten mark

February 3, 1993

Dr. Ahmed Amin
Executive Director, ECEP
El Tabbin Institute for Metallurgical
Studies (TIMS)
31 Street 85,
Maadi, Egypt

SUBJECT: Audit of Non-Federal Audit of El Tabbin Institute
for Metallurgical Studies (TIMS) Local
Expenditures Incurred Under PIL No. 5 of the
Energy Conservation and Efficiency Project (ECEP)
No. 263-0140.3

Dear Dr. Amin:

Enclosed is a draft copy of subject audit report. The report contains three (3) recommendations that TIMS needs to satisfactorily address before USAID will close the recommendations.

Recommendation No. 1, is detailed on pages 14-16 of the report with the supporting budget breakdown presented on pages 11. Recommendation No. 2, is cited on pages 20-22 of the audit report. To close Recommendation No. 1, TIMS will need to provide USAID with documents to justify unsupported costs and to reimburse USAID the listed ineligible costs. TIMS should also address the actions taken, or will be taken, regarding internal control weaknesses to close Recommendation No. 2. Recommendation No. 3, requires TIMS to comply with USAID's regulations so that unliquidated advances are not billed to USAID/Cairo.

TIMS's response to Recommendations Nos. 1, 2 & 3 should be submitted to my office by February 28, 1993. If you would like to discuss the audit report findings with myself and FM before responding to the recommendations, please let me know.

Should you have any questions concerning the above, please contact me and I shall endeavor to answer them.

Sincerely,



Marc P. Madland
Project Officer

ENCL.

Draft:PDS/ENV:MMadland:Doc NONFEDEC
Clearances:PDS/ENV:RRhoda (draft)
FM/FA:JRedder (draft)

53

APPENDIX F**REPORT DISTRIBUTION**

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Associate Administrator for Operations, AA/OPS	1
Office of Press Relations, XA/PR	1
Office of Financial Management, FA/FM	1
Bureau for Legislative Affairs, LEG	1
Office of the General Counsel, GC	1
Country Desk	1
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FA/MCS	1
IG	1
AIG/A	1
IG/A/PSA	1
IG/A/PPO	2
IG/LC	1
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IG/RM/C&R	5
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